

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-06 IO-10 ISO-00 L-03 FRB-03 OMB-01

TAR-01 SP-02 AGR-05 AID-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00 CIEP-01

CEA-01 INT-05 GSA-01 H-02 DODE-00 PA-01 USIA-06

PRS-01 SS-15 NSC-05 /112 W  
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P R 121830Z JUN 75

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 3704

INFO AMEMBASSY LONDON

AMEMBASSY JAKARTA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

LIMITED OFFICIAL USE GENEVA 4447

E.O. 11652: N/A

TAGS: EMIN, UNCTAD

SUBJECT: BUFFER STOCK FINANCING PROPOSAL

REF: GENEVA 4366; GENEVA 4291

1. REPORT OF WORKING PARTY OUTLINING FIVE ALTERNATIVE PROPOSALS TO DEAL WITH ISSUE OF SIZE AND FINANCING OF BUFFER STOCK RECEIVED INTENSIVE DEBATE AT ECONOMIC COMMITTEE MEETINGS JUNE 11 AND 12 WHICH ELIMINATED ALL BUT TWO PROPOSALS, ONCE CALLING FOR COMPULSORY CONSUMER CONTRIBUTIONS AND ONE WHICH CALLED FOR PRODUCER-FINANCED BUFFER STOCK OF 20,000 TONS WITH ADDITIONAL VOLUNTARY CONTRIBUTIONS FROM CONSUMERS WITH AIM OF REACHING 10,000 TONS (CONSUMER'S PREFERENCE) OR 20,000 TONS (PRODUCER'S PROPOSAL). PRODUCERS ALSO PUSHING REVISION OF PRESENT ARTICLE 24, TO REQUIRE CONSUMERS TO BEAR COST OF SUCH

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BORROWING (STAND-BY FEES AND INTEREST CHARGES).

2. THE EC AS A UNIT, FOLLOWED BY ALL IMPORTANT CONSUMERS (INCLUDING U.S.) CAME OUT AGAINST COMPULSORY CONTRIBUTIONS, ALTHOUGH NETHERLANDS BROKE RANK AND STATED PREFERENCE FOR COMPULSORY FINANCING. JUNE 11 SESSION ENDED WITH PRODUCERS AND CONSUMERS WIDE APART. THERE WAS CORRIDOR REPORT (LATER CONFIRMED) THAT INDONESIAN DELEGATION HAD RECEIVED NEW INSTRUCTIONS TO INSIST ON COMPULSORY CONSUMER FINANCING EVEN TO POINT OF FORCING CONFERENCE ADJOURNMENT (POSSIBLY WITH 4TH AGREEMENT TO BE EXTENDED FOR ONE YEAR BEYOND JULY 1, 1976).

3. INTERCESSION OF CONFERENCE CHAIRMAN LEGOUX IN EVENING MEETING JUNE 11 WITH PRODUCERS LED TO NEW COMPROMISE PROPOSAL WHICH LEGOUX INDICATED TO CONSUMER CAUCUS MORNING JUNE 12 PRODUCERS MIGHT BE PREPARED TO ACCEPT (IF INDONESIAN DELEGATION SUCCEEDS IN PERSUADING GOI TO RELENT).

4. THIS PROPOSAL HAS THE FOLLOWING FEATURES: (A) COMPULSORY PRODUCER CONTRIBUTIONS TO MAXIMUM 20,000 TONS; (B) ADDITIONAL VOLUNTARY CONSUMER CONTRIBUTIONS TO A MAXIMUM TARGET OF 20,000 TONS, WITH PROVISIO THAT IF 10,000-TON LEVEL HAS NOT BEEN REACHED WITHIN 2-1/2 YEARS COUNCIL MAY DECIDE TO CONVENE CONFERENCE TO RENEGOTIATE AGREEMENT; (C) ARTICLE 24 AS DESCRIBED PARA 2 ABOVE, BUT WITH PROVISIO THAT CONTRIBUTIONS TO BUFFER STOCK WOULD DECREASE CONSUMER OBLIGATIONS FOR PAYING FINANCING CHARGES.)

5. COMMENT: USDEL CONSIDERS MAJOR PROBLEM IN NEW PROPOSAL TO BE ART. 24 REQUIREMENT FOR CONSUMER FINANCING OF BORROWING CHARGES AND WILL SEEK REVISIONS. PROVISION FOR CONDITIONAL 2-1/2 YEAR REVIEW APPEARS ACCEPTABLE COMPROMISE ON CONSUMER CONTRIBUTION ISSUE, WHICH WILL GIVE U.S. TIME TO REVIW POLICY AND MAKE DETERMINATION RE U.S. PARTICIPATION. (NOTE, HOWEVER, THAT ALL LDC COUNSUMERS AND OTHERS HAVE INDICATED THEY EXPECT TO BE EXEMPTED; 10,000-TON LEVEL COULD BE REACHED ONLY BY CONTRIBUTION FROM U.S., JAPAN AND EC IN FOLLOWING LIMITED OFFICIAL USE

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AMOUNTS U.S. 3,500, JAPAN 2,300, EC 4,200.) DALE

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## Message Attributes

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**TAGS:** EMIN, UNCTAD  
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